

Message Text

CONFIDENTIAL

PAGE 01 OECD P 01282 161240Z

43

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

SS-20 NSC-10 FEA-02 INT-08 XMB-07 PA-04 PRS-01 USIA-15

OIC-04 DRC-01 EURE-00 (ISO) W
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P R 161115Z JAN 74

FM USMISSION OECD PARIS

TO SECSTATE WASHDC PRIORITY 1590

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L USOECD PARIS 1282

E.O. 11652: GDS

TAGS: ENRG OECD

SUBJECT: ENERGY CONFERENCE: DISCUSSION AMONG HLG HEADS OF
DELEGATIONS

STATE ALSO FOR T/IEP

REF: (A) USOECD 0923; (B) PARIS 0974; (C) USOECD 1021

1. SUMMARY. EXCHANGE OF VIEWS AMONG HEADS OF DELEGATIONS
OF HIGH LEVEL GROUP (HLGL SHOWED POSITIVE ATTITUDE TOWARD
CONFERENCE OF ALL BUT FRANCE. CONSENSUS ASSUMED SUPPORT-
CONFIDENTIAL

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PAGE 02 OECD P 01282 161240Z

ING ROLE FOR OECD, WITH VARYING IDEAS ON NATURE OF THAT

SUPPORT. ACTION REQUESTED: US POSITION ON TIMING OF NEXT MEETING OF HLG, AND ANY OTHER APPROPRIATE COMMENTS ON SUBJECTS RAISED, FOR NEXT MEETING OF HLG HEADS OF DELEGATIONS, JAN 21. END SUMMARY

2. SEC GEN JAN 14 PRESENTED TO HLG HEADS OF DELS VIEWS ON WASHINGTON ENERGY CONFERENCE ALONG LINES PARAS 2-4 OF REF (C). HE STRESSED COMMON INTEREST WITH OPEC EXPORTERS IN ESTABLISHING RIGHT PRICE FOR OIL. SAID MAJOR - IMPORTERS WERE ALSO COUNTRIES THAT CAN TOGETHER DECIDE ON FINANCIAL MECHANISM THAT (A) WILL ENABLE PRODUCERS TO GET IN RETURN FOR OIL A STABLE ASSET THAT CORRESPONDS TO THEIR INTERESTS AND (B) WILL ASSURE THAT OIL EXPORTERS' SAVINGS WILL NOT HAVE DESTABILIZING EFFECT ON INTERNATIONAL ECONOMIC SYSTEM. SEC GEN SAID LDCS' INTERESTS MUST BE CONSIDERED BOTH BECAUSE THEY ARE VICTIMS OF PRICE INCREASES AND BECAUSE THEY MAY BE INSTRUMENTAL IN SOLUTIONS TO PROBLEMS CREATED FOR WORLD ECONOMIC SYSTEM.

3. EXCEPT FOR FRANCE, ALL DELEGATES INDICATED RATHER POSITIVE ATTITUDE TOWARD CONFERENCE. FRENCH DELEGATE (VALERY) POSED QUESTIONS SIMILAR TO THOSE REPORTED REF (B), EMPHASIZING NEED TO AVOID CONFRONTATION WITH OPEC AND QUESTIONING WHETHER CONSUMERS SHOULD CONSENT. VALERY CONCLUDED THAT OECD SHOULD CONTINUE TO DO ITS JOB AND AT SOME STAGE OECD MEMBERS SHOULD ASSOCIATE OTHER COUNTRIES IN WORK.

4. JAPANESE DEL (YOSHINO) SAID THERE WAS NEED TO REFLECT ON ROLES OF VARIOUS ORGANIZATIONS, INCLUDING GATT AND IMF, IN MEETING SITUATION. HE WAS FEARFUL OF VARIATIONS FROM TRADITIONAL RULES OF INTERNATIONAL ECONOMIC BEHAVIOR, AS WITH BARTER DEALS, AND ASKED TO WHAT EXTENT WE WOULD STICK TO GATT RULES.

5. UK DEL (GALLAGHER) THOUGHT PRIORITY TASK WAS NOT TO AGREE ON OBJECTIVES OF WASHINGTON CONFERENCE BUT RATHER TO SORT OUT POLICY PROBLEMS INTO (A) THOSE WHICH WILL NEED TO BE DEALT WITH WITH PRODUCERS, (B) THOSE WHICH INVOLVE MAJOR CONSUMERS ALONE, AND (C) THOSE WHICH RELATE ALSO TO NON-OIL LDCS.

CONFIDENTIAL

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PAGE 03 OECD P 01282 161240Z

YM CANADIAN (TOWE), TAKING SEC GEN LITERALLY, QUESTIONED HOW "AN ASSET" COULD BE DEVELOPED FOR ONE SET OF EXPORTERS AND NOT FOR OTHERS, BUT HE ASSUMED THIS SUBJECT WOULD BE DISCUSSED IN ROME MEETINGS THIS WEEK. TOWE SUGGESTED ON PERSONAL BASIS THAT IT WOULD BE IMPORTANT FOR FEB 11 MEETING TO REACH AGREEMENT ON MAINTENANCE OF FOREIGN AID LEVELS, WHICH WOULD BE EASIER FOR EACH IF ALL AGREED.

7. GERMAN DEL (EMMEL) THOUGHT POLITICAL UNDERSTANDING AT WASHINGTON MEETING NECESSARY AS BASIS FOR DISCUSSION WITH PRODUCERS AND CAUTIONED AGAINST OVERESTIMATING IMPORTANCE OF NON-OIL LDCS AT THIS POINT.

8. SEVERAL DELEGATES REFERRED TO SECGN'S ATTENDANCE AT WASHINGTON CONFERENCE, TO USEFULNESS OF OECD'S ECONOMIC ANALYSES, TO THE RELEVANCE OF THE OECD LONG-TERM ENERGY STUDY, AND TO THE IMPORTANCE OF THE OECD IN FOLLOW-UP TO WASHINGTON MEETING. DUTCH DEL KAUFMANN) SUGGESTED US MIGHT WANT SECRETARIAT TO PROVIDE DISCUSSION PAPERS FOR WASHINGTON MEETING. ITALIAN (CONTI), AFTER REITERATING IMPORTANCE ITALY ATTACHES TO OPENING DIALOGUE BETWEEN OECD AND OPEC (REF A), SUGGESTED ECD CONVENE EXTRAORDINARY SESSION OF MINISTERIAL COUNCIL TO LAY ECONOMIC GROUNDWORK FOR POLITICAL DISCUSSIONS AT WASHINGTON CONFERENCE AND TO GIVE SECGN OPPORTUNITY TO HEAR OPINIONS OF COUNTRIES NOT INVITED TO THAT MEETING. HE HOUGHT WORKING GROUP ON ECONOMIC IMPLICATIONS OF OIL PRICES MIGHT ALSO BE CONVENED URGENTLY. SECGN SAW SOME PRACTICAL DIFFICULTIES IN MINISTERIAL MEETING ON VERY SHORT NOTICE. HE ALSO ASKED WHETHER DELEGATIONS FELT HIGH LEVEL GROUP SHOULD MEET BEFORE FEB 11.

9. US DEL (BROWN), WHO IN OPENING COMMENT HAD SAID THAT PURPOSE OF WASHINGTON CONFERENCE WAS TO CONSULT AND CONCERT ON POLICY CONSIDERATIONS AT CABINET LEVEL, TOLD GROUP THAT US WAS FULLY AWARE OF CONTINUING IMPORTANCE OF OECD WORK. US HAD NO INTENT TO IMPOST AN APPROACH ON OTHER COUNTRIES BUT HAD TAKEN INITIATIVE OUTSIDE OECD IN ORDER TO MAINTAIN FLEXIBILITY. RESPONDING PERSONALLY TO SUGGESTIONS OF OTHER DELEGATES, HE SUGGESTED FORMAL DOCUMENTATION FROM OECD MIGHT NOT BE NECESSARY AND LISTING OF OECD DOCUMENTS ON CONFIDENTIAL

CONFIDENTIAL

PAGE 04 OECD P 01282 161240Z

ERENCE AGENDA MIGHT BE MISINTERPRETED, BUT HE ASSURED GROUP THAT US PARTICIPANTS WOULD HAVE OECD DOCUMENTS RELEVANT TO THE CONFERENCE. HE AS DOUBTFUL ABOUT ITALIAN PROPOSAL FOR URGENT MEETING OF THE ECONOMIC MINISTERS, WHICH WOULD TREAT ESSENTIALLY SAME QUESTIONS AS WILL BE ADDRESSED AT FEBRUARY MEETING. HE CAUTIONED AGAINST MOVING TO RAPIDLY TOWARD INSTITUTIONALIZING RELATIONSHIP BETWEEN OPEC AND OECD. (CONTI SUBSEQUENTLY WITHDREW PROPOSAL FOR MINISTERIAL IN VIEW OF LACK OF SUPPORT IN GROUP.)

10. GROUP AGREED TO MEET AGAIN JAN 21, RECOGNIZING THAT SITUATION MAY BE CLEARER FOLLOWING EC COUNCIL MEETING JAN 14-15. GROUP ALSO LOOKED FORWARD TO CLARIFICATION IN DISCUSSIONS TO BE HELD IN CAPITALS BY SPECIAL REPRESENTATIVE MENTIONED IN PRESIDENT'S LETTER.

11. THOSE WHO SPOKE TO SECGEN'S QUERY ABOUT MEETING OF
LG MOSTLY DOUBTED UTILITY OF ITS CONVENING BEFORE FEB 11.
QUERY WILL ARISE AGAIN JAN 21.
BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING DELEGATIONS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OECDP01282
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740138/aaaabjnd.tel
Line Count: 174
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) USOECD 0923; (B) PARIS 0974; (C)
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2002 by kelleyw0>; APPROVED <28 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY CONFERENCE: DISCUSSION AMONG HLG HEADS OF DELEGATIONS
TAGS: ENRG, OECD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005